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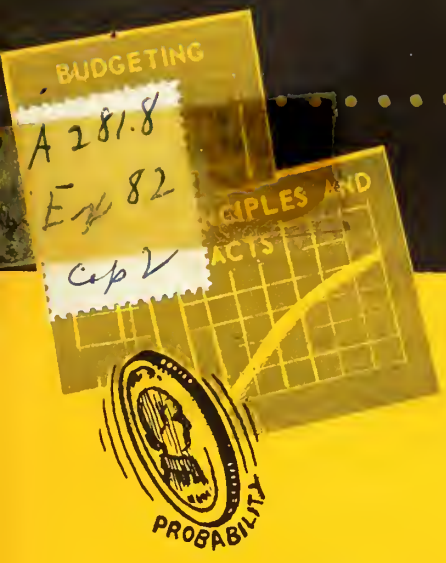

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News and Views from the Farm Management Staff

UNITED STATES DEPARTMENT OF AGRICULTURE
FEDERAL EXTENSION SERVICE
Division of Agricultural Economics Programs
Washington 25, D. C.

April 30, 1957

Dear Farm Management Extension Workers:

Keeping Farm Management Extension Activities Adjusted to Meet Farmers' Problems

This is the season of the year when your plans of work and annual reports come across our desks. The first thing that strikes us as we study them is the tremendous amount of economic work being done by the approximately 100 man years that are devoted to farm management extension work. We are further reminded of the tremendous breadth of the field of work by the wide range of your activities. A closer study of the reports reveals shifts in emphasis that are occurring to meet the changing problems of farm families and to aid them in making adjustments to meet a dynamic agricultural situation which places economics in the forefront. Although there are logical differences in program emphasis from State to State and region to region, most of your farm management activities can be put on a functional basis into the following four major contributions to the total extension program:

(1) Obtaining Basic Facts and Preparing Them For Use.
(2) Participating in Developing and Servicing Extension and Other Programs.
(3) Conducting Direct Educational Work on the Economic Aspects of Farming and Related Business Transactions.
(4) Training and Equipping County Agents to do Management Work with Individual Farm Families.

Some areas that received increased emphasis last year are as follows:

Agent Training Emphasized

Agent training in farm management received much emphasis in 1956 and plans of work indicate that this will continue. Apparently there is a rather general recognition that this in-service training is fundamental to rendering more assistance to farm families on management problems and is one of the important contributions of farm management to farm and home development. This work has taken several forms. A number of 2-day workshops were reported. However, some said that more training was needed than could be met this way, and in cooperation with administrators and supervisors developed longer, more formal, training programs. In addition, in some States, extension administration has arranged with farm management workers to spend

time with agents in practical on-the-farm training, as well as assisting agents with group meetings. In short, county agents are working more on farmers' management problems. It seems appropriate that the training they need should have the high priority that it is apparently receiving.

Educational Work on Farm Programs

Farm families were given real assistance in evaluating various opportunities presented to them by Government programs. Reports indicate that this work was appreciated by farmers and that much real farm management educational work resulted.

Servicing Extension Programs

Increased emphasis on developing long range county programs by the Extension Service, either through program projection or rural development, has had a considerable impact on your work. In some States over-all leadership at the State level has been assigned to you and in many others you have been called upon to prepare factual data and to meet with county committees to assist them with the analysis and interpretation of background information. This seems a critical contribution that economists can make in addition to the individual farm phase. This sort of work assists county groups to "break through" the tendency to consider day-to-day problems and to concentrate on problems of basic importance to them.

Where Did the Time Come From?

Some of the time to carry on this additional work has come from the days or hours formerly used to develop data, and materials, to keep up-to-date, etc. Part of it is a shift from information on economic subject matter as such, to instruction in concepts and practical working tools of the management function. This subject matter type of work can be ignored temporarily but has serious consequences in the long run. I suspect, too, some of the time for these increased activities came from your vacations and "off" time.

Are Further Adjustments Needed?

Although such shifts leave many worth-while tasks undone, it would seem that farm management workers under the direction of their administrators are making changes in their work to meet the changing problems of farmers. Certainly, the allocation of your time among the many opportunities that we have is an important responsibility and a responsibility to which we must give increased attention in order that our efforts aid farmers to make needed adjustments.

Contributions of State Staff Members to Farm and Home Development

Most States agree that the role of the State staff is to train county agents in their area of responsibility and to back up agents in farm and home development work. Just how the whole staff is involved in carrying out this role has not always been clear.

The Federal task force on farm and home development has prepared a statement concerning the roles of State staff members. It recognizes that teamwork is fundamental to successful farm and home development but also recognizes that all State staff members will not be involved to the same degree, in the same way, or at the

same time. It lists those contributions shared by all specialists, including management, as well as the additional role played by farm and home management specialists. It is hoped that this will serve as a discussion piece and check sheet for State task forces and administrators to see if these needed contributions are being made in each State.

Farm Lease Agreement More Important

Farm lease agreements take on new importance for those landlords who wish to establish "material participation" for Social Security. As reported on page four of News and Views for February 13, and as set forth in OASI-33d, "There must be an agreement ... that there shall be material participation." The agreement may be oral, but "you must be able to establish that your arrangement provides for material participation by you." A well written lease is a big help in such a case. The choice of words may be very important, and the kind of participation also. We understand that general statements are not enough. It needs to call for participation in specific activities during the production period.

The lease is equally important for the farmer past 65 who is shifting from operation to a share rental arrangement, especially if he continues to live on the farm or nearby and a son is renting the farm with equipment and livestock. If he does not wish material participation, the lease must make it clear that the son has full responsibility for the operation and that the father is not required to advise, consult, inspect, or otherwise participate in management. The lease can include operating instructions as part of the rental arrangement without it involving management of production.

Lease requirements vary greatly by areas and so do interpretations. For this reason it seems that farmers preparing leases, where material participation may be a question, should check them with the district office of Social Security Administration. State extension economists preparing lease forms or advising farmers on leases should have their forms and recommendations checked in the State office.

However, it should be remembered, in connection with all written arrangements, that the final test is what is being done, if it becomes evident that formal agreements are not being followed.

In-Service Training on Credit

Requests for assistance and reports of plans being developed indicate that State workers are becoming more keenly aware of the need for further training related to farm credit and other phases of financing. The growing activity in this field is largely the outgrowth of farm and home development work and the importance that borrowed money has in effecting the needed improvements or adjustments.

Some of these training sessions begin with the State staff of supervisory personnel and production and family living specialists. The major effort is usually directed toward county workers, to give them greater assurance in counseling on financial problems. Sometimes representatives from banks and other credit institutions are being asked to participate and present the problem as seen by the lender. A few States have gone on to public meetings for farm couples where principles of use and sources and terms of available loans are discussed.

Developments in Farm Financing

The volume of credit used by farmers individually and by their cooperative associations is continuing to grow in most areas as well as for the country as a whole. This growth seems to be slowing up, however, for short term loans as shown by a small decrease in loans outstanding at insured commercial banks on January 1, 1957. The relative importance of loans discounted for longer terms, 15 months to 3 years, by the Federal Intermediate Credit Banks has increased rather rapidly, while a number of commercial banks are also writing these loans. Something over 70 percent of the FICB discounts on June 30, 1956, were for machinery, autos, and other farm equipment. Improvements to real estate, land purchase, irrigation equipment, and livestock took nearly all the balance of these loans.

There also is a trend toward getting large credit carryovers refinanced into real estate loans. This balances up the farmer's financial arrangement and provides greater freedom in handling annual credit. Some of the Federal Land Banks have made monthly advances in 1957 as large as annual loan volume during the early 1940s.

For the last 100 loans closed by each of the 12 Federal Land Banks prior to December 15, 1956, 30.6 percent of the new money advanced was to refinance real estate mortgages, and 17.3 percent to refinance chattel mortgages, notes, and other short-term debt.

You Should See --

* "Technological Research and Education in Relation to Economic Progress," by Sherman E. Johnson and Glen T. Barton, Agricultural Research Service, for presentation at the Conference on Adjusting Commercial Agriculture to Economic Growth, sponsored by the North Central Farm Management Research Committee in cooperation with the Farm Foundation, Chicago, Illinois, March 18-19, 1957. This publication discusses the charge that work, which speeds up the adoption of output increasing innovations, is a major culprit in the farm problem. We think you will be interested in their treatment of the relation of technological advances to farm income.

* "Family Farms in a Changing Economy," Agricultural Research Service, USDA, Bulletin No. 171. This publication looks at the changes in the family farm relating to income, numbers, and the various ways of measuring size. It also studies the changes in the concept and makes comparisons of various census procedures from census to census.

** "Farm Mortgage Lending Experience of Sixteen Life Insurance Companies," the Federal Land Banks, and the Farmers Home Administration, October to December 1956. ARS 43-45.

"Use of Fertilizer on Principal Crops in Indiana, 1954," Mimeo ID-15, March 1957. This publication by M. R. Janssen and A. J. Ohlrogge presents the use of fertilizer on a county basis for the major crops in Indiana.

"Most Profitable Rotations For the Corn Belt of Southeastern South Dakota," Circular 129, by Russell L. Berry, Agricultural Economics Department, Agricultural Experiment Station, South Dakota State College, May 1956, revised.

"Field Crop Costs and Returns, 1948-1954," Bulletin 609, University of Illinois, Agricultural Experiment Station, by R. H. Wilcox and R. A. Hinton. This bulletin summarizes cost of production studies in four major-type-of-farming areas in Illinois.

** "Census Reveals Huge Sales Potential for Fertilizer." This publication prepared by the National Plant Food Institute analyzes census data on fertilizer usage by States.

* "Managing the Farm," Wisconsin Newsletter for February 1957. The "Role of Farm Records," by John R. Schmidt, is an excellent summary of the role that farm records can play, as well as some of their weaknesses in aiding farmers. We thought you would want a copy for your ready reference.

"Commercial Farming," January 1957. Cornell University, Agricultural Experiment Station Bulletin 921, by L. C. Cunningham. This bulletin summarizes an economic study of commercial farming in the Central Plains Region of New York State for 1953-54.

Personnel

Frank Overley is now doing farm management extension work in Connecticut. Frank had his undergraduate work at Kansas State, and received his master's from Michigan State last February.

Most of you know by now that E. P. Callahan, who works with the southern region, suffered a heart attack early in April. Ed has been released from the hospital and is well on the road to recovery. We anticipate that he will probably be convalescing at home until about the first of June.

Sincerely yours,

J. B. Claar

Farm Management and Production Economics Branch

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Enclosures

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